

JOURNAL OF THE HOUSE

NINETIETH SESSION

SEVENTH DAY

STATE OF SOUTH DAKOTA
House of Representatives, Pierre
Thursday, January 22, 2015

The House convened at 2:00 p.m., pursuant to adjournment, the Speaker presiding.

The prayer was offered by the Chaplain, Pastor John Fette, followed by the Pledge of Allegiance led by House pages Hattie Seten and Megan Wollmann.

Roll Call: All members present except Reps. Bordeaux, Schaefer, and Verchio who were excused.

APPROVAL OF THE JOURNAL

MR. SPEAKER:

The Committee on Legislative Procedure respectfully reports that the Chief Clerk of the House has had under consideration the House Journal of the sixth day.

All errors, typographical or otherwise, are duly marked in the temporary journal for correction.

And we hereby move the adoption of the report.

Respectfully submitted,
Dean Wink, Chair

Which motion prevailed.

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

The Committee on Appropriations respectfully reports that it has had under consideration SB 28 and returns the same with the recommendation that said bill do pass.

Respectfully submitted,
Justin R. Cronin, Chair

Also MR. SPEAKER:

The Committee on Taxation respectfully reports that it has had under consideration HB 1018 and returns the same with the recommendation that said bill do pass.

Also MR. SPEAKER:

The Committee on Taxation respectfully reports that it has had under consideration HB 1016, 1017, and 1019 and returns the same with the recommendation that said bills do pass and be placed on the consent calendar.

Respectfully submitted,
Roger D. Solum, Chair

Also MR. SPEAKER:

The Committee on Health and Human Services respectfully reports that it has had under consideration HB 1012 and returns the same with the recommendation that said bill do pass.

Also MR. SPEAKER:

The Committee on Health and Human Services respectfully reports that it has had under consideration HB 1013 and returns the same with the recommendation that said bill be amended as follows:

1013ca

On page 1, line 9, of the printed bill, before "." insert "; or

(3) Has been granted licensure or applied and met qualifications under this section prior to July 1, 2015".

1 And that as so amended said bill do pass.

2 Respectfully submitted,
3 Scott Munsterman, Chair

4 Also MR. SPEAKER:

5 The Committee on Transportation respectfully reports that it has had under consideration
6 HB 1031 and returns the same with the recommendation that said bill do pass and be placed on
7 the consent calendar.

8 Also MR. SPEAKER:

9 The Committee on Transportation respectfully reports that it has had under consideration
10 HB 1020 and returns the same with the recommendation that said bill be amended as follows:

11 1020ob

12 On page 2, line 8, of the printed bill, delete everything after "," And insert "the owner
13 shall pay the actual costs of postage and handling. The department shall deposit in the state
14 motor vehicle fund any fee received by the department pursuant to this section.".

15 On page 2, delete line 9.

16 And that as so amended said bill do pass.

17 Also MR. SPEAKER:

18 The Committee on Transportation respectfully reports that it has had under consideration
19 HB 1032 which was tabled.

20 Respectfully submitted,
21 Mike Verchio, Chair

22 **REPORTS OF JOINT-SELECT COMMITTEES**

23 MR. SPEAKER:

24 Your Joint-Select Committee appointed on joint rules respectfully reports that it has had
25 under consideration the joint rules and recommends that the joint rules adopted in March 2014
26 by the Eighty-ninth Legislative Session be adopted as the joint rules of the Ninetieth Legislative
27 Session with the following changes:

1 Amend the Table of Contents of the Joint Rules as follows:

2 **JOINT RULES**
3 **Table of Contents**

4 **CHAPTER 1. PRESIDING OFFICER - ORDER AND DEBATE**
5 **CHAPTER 1A. DECORUM**
6 **CHAPTER 1B. LEGISLATIVE CODE OF CONDUCT**
7 **CHAPTER 2. MEETINGS, QUORUMS, AND ATTENDANCE**
8 **CHAPTER 3. LEGISLATIVE EMPLOYEES**
9 **CHAPTER 4. ORDER OF BUSINESS**
10 **CHAPTER 5. MOTIONS**
11 **CHAPTER 6. BILLS, RESOLUTIONS, AND COMMEMORATIONS**
12 **A. FORM OF BILLS - DEFINITIONS OF RESOLUTIONS -**
13 **GENERAL PROVISIONS**
14 **B. INTRODUCTION AND SPONSORSHIP**
15 **C. FISCAL IMPACT STATEMENTS, FISCAL NOTES, AND**
16 **ACTUARIAL STATEMENTS**
17 **D. FIRST READING AND REFERRAL**
18 **E. AMENDMENTS AND SUBSTITUTE BILLS**
19 **F. SECOND READING**
20 **G. PRINTING, ENGROSSING, AND ENROLLING**
21 **H. COMMEMORATIONS**
22 **I. COMPUTERIZED INFORMATION SYSTEM**
23 **CHAPTER 7. COMMITTEES**
24 **CHAPTER 8. CONFERENCE COMMITTEES**
25 **CHAPTER 9. COMMITTEE OF THE WHOLE**
26 **CHAPTER 10. JOURNAL**
27 **CHAPTER 11. RULES**
28 **CHAPTER 12. VOTING REQUIREMENTS AND PROCEDURE**
29 **CHAPTER 13. CONSENT CALENDAR**
30 **CHAPTER 14. EFFECTIVE DATE OF LEGISLATION AND VETO**
31 **CONSIDERATIONS**
32 **CHAPTER 15. INTERHOUSE COMMUNICATIONS AND TRANSMISSIONS**
33 **CHAPTER 16. JOINT SESSION**
34 **CHAPTER 17. LEGISLATIVE DEADLINES**

35 Amend Chapter 6 of the Joint Rules as follows:

36 **C. FISCAL IMPACT STATEMENTS, FISCAL NOTES AND ACTUARIAL**
37 **STATEMENTS**

38 **STATUTORY PROVISIONS**

39 **§ 2-1-19. Fiscal impact statement for legislation or ballot initiative that may impact state**
40 **prison or county jail populations.**

A fiscal impact statement shall be attached to any bill or amendment or measures proposed by ballot initiative that may impact state prison or county jail populations. The requirement for a fiscal impact statement includes those bills or amendments that increase the periods of imprisonment authorized for existing crimes, that add new crimes for which imprisonment is authorized, that impose minimum or mandatory minimum terms of imprisonment, or that modify any law governing release of prisoners from imprisonment or supervision.

The sponsor of such legislation or such ballot initiative shall request and allow sufficient time to prepare a fiscal impact statement from the Bureau of Finance and Management or the Legislative Research Council. The fiscal impact statement shall be completed no later than the day the bill is submitted to the committee with subject matter cognizance. Any ballot initiative shall have a fiscal impact statement attached to the Attorney General's statement required pursuant to § 12-13-9 or 12-13-25.1.

§ 2-1-20. Contents of fiscal impact statement.

A fiscal impact statement pursuant to § 2-1-19 shall include the following:

(1) An analysis of the specific components of the bill or the ballot initiative that will impact the prison and jail population;

(2) The projected cost of the impact of the bill on the state prison system and the aggregate cost to county jails on an annual basis and cost of the bill over a ten year period; and

(3) Operational costs and capital costs including all manner of construction.

RULES

6C-1.2. Certain bills require fiscal note. The Director of the Legislative Research Council shall prepare a fiscal note for any bill which amends session law to affect the General Appropriations Act enacted in a prior legislative session.

6D-1. Referral of bills and resolutions to standing committees. Unless otherwise ordered, all bills and joint resolutions, except the general appropriations bill, shall be referred to a standing committee after their first reading. The presiding officer may waive the referral to standing committee of concurrent resolutions. Copies of all concurrent resolutions shall be ~~distributed to each member~~ posted to the Legislative Research Council internet site before being acted upon.

G. PRINTING, ENGROSSING, AND ENROLLING

STATUTORY PROVISIONS

~~§ 2-7-13. Selection of printing process and contractor for bills and resolutions.~~

~~The Bureau of Administration, in consultation with the Legislative Research Council, shall, before the commencement of any session of the Legislature, determine whether the house and senate bills and joint resolutions of the legislative session will be printed by a private contractor, and select the printing process to be used, or whether the documents will be prepared by the use of a duplicating process.~~

Amend Chapter 10 of the Joint Rules as follows:

10-1. Daily journal. A journal of each house shall be made available daily ~~and laid upon the desks of the members and officers by posting to the Legislative Research Council internet site~~ by the following morning. The journal need not be read unless ordered. The secretary of the Senate and the chief clerk of the House shall report on the correctness of the journal to the committees on legislative procedure. The committees on legislative procedure shall in turn report to their respective houses.

The joint rules and the rules of the Senate and House shall be printed in the Senate Journal.

Respectfully submitted,
Dean Wink
Brian Gosch
Spencer Hawley
House Committee

Respectfully submitted,
Corey Brown
Tim Rave
Billie Sutton
Senate Committee

MESSAGES FROM THE SENATE

MR. SPEAKER:

I have the honor to transmit herewith SB 12, 15, 18, 31, and 58 which have passed the Senate and your favorable consideration is respectfully requested.

Respectfully,
Kay Johnson, Secretary

MOTIONS AND RESOLUTIONS

HCR 1001 Introduced by: Representatives Bolin, Anderson, Duvall, Hickey, Johns, Otten (Herman), Rounds, Schoenfish, Sly, Solum, and Verchio and Senators Lederman, Novstrup (David), and Van Gerpen

A CONCURRENT RESOLUTION, Recognizing the difference between the taxes and fees levied by the State of South Dakota.

WHEREAS, a tax is a compulsory financial contribution levied by a government for the general support of the government and the services it provides; and

WHEREAS, a fee is a charge levied by a government on specific persons, activities, or properties as payment for a direct benefit received; and

WHEREAS, there is often confusion about the distinction between these two government funding mechanisms, and certain individuals and groups, particularly at times of an election, deliberately confuse voters about that distinction:

NOW, THEREFORE, BE IT RESOLVED, by the House of Representatives of the Ninetieth Legislature of the State of South Dakota, the Senate concurring therein, that there is a clear and distinct difference between the taxes levied by the State of South Dakota and the fees levied by the State of South Dakota and the agencies thereof, and that an increase in fees is not an increase in taxes.

Was read the first time and the Speaker waived the committee referral.

Rep. Gosch moved that when we adjourn today, we adjourn to convene at 1:00 p.m. on Friday, January 23, the 8th legislative day.

Which motion prevailed.

FIRST READING OF HOUSE BILLS AND JOINT RESOLUTIONS

The following bills were read on Wednesday, January 21, and today the Speaker assigned these bills to committee.

HB 1065 was referred to the Committee on Judiciary.

HB 1066 was referred to the Committee on Judiciary.

HB 1067 was referred to the Committee on Judiciary.

HB 1068 was referred to the Committee on Judiciary.

1 HB 1069 was referred to the Committee on State Affairs.

2 HB 1070 Introduced by: Representatives Hickey, Bolin, Craig, DiSanto, Gosch, Haggar
3 (Don), Haugaard, Kaiser, Novstrup (Al), Qualm, Rounds, Schoenfish, Stalzer, Verchio, and
4 Zikmund and Senators Rave, Haggar (Jenna), Jensen (Phil), Lederman, Monroe, Olson, and
5 Omdahl

6 FOR AN ACT ENTITLED, An Act to require school districts to provide special education
7 or special education and related services to resident students receiving alternative instruction.

8 Was read the first time and referred to the Committee on Education.

9 HB 1071 Introduced by: Representatives Johns, Feickert, and Qualm and Senators Ewing,
10 Olson, and Tieszen

11 FOR AN ACT ENTITLED, An Act to revise the number of signatures required for a
12 nominating petition for sanitary district trustees.

13 Was read the first time and referred to the Committee on Local Government.

14 HB 1072 Introduced by: Representative Munsterman and Senator Vehle

15 FOR AN ACT ENTITLED, An Act to provide that certain information regarding
16 postsecondary technical institutes be given to parents and guardians of students in middle
17 schools and high schools.

18 Was read the first time and referred to the Committee on Education.

19 HB 1073 Introduced by: Representatives Kaiser, Beal, Bolin, Brunner, DiSanto, Greenfield
20 (Lana), Kirschman, Latterell, May, Qualm, Schrempp, Soli, Stalzer, Verchio, and Wollmann
21 and Senators Greenfield (Brock), Haggar (Jenna), Haverly, and Olson

22 FOR AN ACT ENTITLED, An Act to require a sex offender to report a change in vehicle
23 status to law enforcement.

24 Was read the first time and referred to the Committee on Judiciary.

25 HB 1074 Introduced by: Representatives Kaiser, Bolin, Brunner, Greenfield (Lana),
26 Kirschman, Latterell, May, Qualm, Soli, Stalzer, and Verchio and Senators Greenfield (Brock),
27 Olson, and Tieszen

28 FOR AN ACT ENTITLED, An Act to revise certain notice requirements for reporting
29 motor vehicle accidents.

1 Was read the first time and referred to the Committee on Judiciary.

2 HJR 1001 Introduced by: Representatives Stalzer, Anderson, Beal, Bolin, Craig, Deutsch,
3 DiSanto, Gosch, Hagggar (Don), Harrison, Haugaard, Heinemann (Leslie), Hickey, Latterell,
4 Mickelson, Novstrup (Al), Otten (Herman), Qualm, Stevens, Werner, Westra, Wiik, Willadsen,
5 Wink, Wollmann, and Zikmund and Senators Otten (Ernie), Holien, Jensen (Phil), Lederman,
6 and Omdahl

7 A JOINT RESOLUTION, Making formal application to Congress to call an Article V
8 convention of the states for the sole purpose of proposing a federal balanced budget
9 amendment.

10 Was read the first time and referred to the Committee on State Affairs.

11 **FIRST READING OF SENATE BILLS AND JOINT RESOLUTIONS**

12 The following bills were read on Wednesday, January 21, and today the Speaker assigned
13 these bills to committee.

14 SB 23 was referred to the Committee on State Affairs.

15 SB 35 was referred to the Committee on State Affairs.

16 SB 12: FOR AN ACT ENTITLED, An Act to allow the spouse of an active duty military
17 person to qualify as a resident for a temporary permit to carry a concealed pistol.

18 Was read the first time and referred to the Committee on Judiciary.

19 SB 15: FOR AN ACT ENTITLED, An Act to allow for discretionary appeals of illegal
20 sentences.

21 Was read the first time and referred to the Committee on Judiciary.

22 SB 18: FOR AN ACT ENTITLED, An Act to establish certain administrative provisions
23 regarding charitable raffles, lotteries, and bingo and to make violations of these provisions
24 subject to the Deceptive Trade Practice and Consumer Protection Act.

25 Was read the first time and referred to the Committee on Judiciary.

SB 31: FOR AN ACT ENTITLED, An Act to revise certain provisions regarding coordination of benefits between health plans.

Was read the first time and referred to the Committee on Commerce and Energy.

SB 58: FOR AN ACT ENTITLED, An Act to revise certain authority, monetary penalties, and hearing procedures of the South Dakota Commission on Gaming.

Was read the first time and referred to the Committee on State Affairs.

SECOND READING OF CONSENT CALENDAR ITEMS

HB 1015: FOR AN ACT ENTITLED, An Act to repeal certain provisions regarding the South Dakota Risk Pool.

Was read the second time.

The question being "Shall HB 1015 pass as amended?"

And the roll being called:

Yeas 66, Nays 0, Excused 4, Absent 0

Yeas:

Anderson; Bartling; Beal; Bolin; Brunner; Campbell; Conzet; Craig; Cronin; Deutsch; DiSanto; Dryden; Duvall; Feickert; Gibson; Gosch; Greenfield (Lana); Haggard (Don); Harrison; Haugaard; Hawley; Heinemann (Leslie); Hickey; Holmes; Hunhoff (Jean); Hunt; Jensen (Alex); Johns; Kaiser; Killer; Kirschman; Klumb; Langer; Latterell; Marty; May; McCleerey; Mickelson; Munsterman; Novstrup (Al); Otten (Herman); Partridge; Peterson (Kent); Qualm; Rasmussen; Ring; Romkema; Rounds; Rozum; Russell; Schoenbeck; Schoenfish; Schrempp; Sly; Soli; Solum; Stalzer; Stevens; Tulson; Werner; Westra; Wiik; Willadsen; Wollmann; Zikmund; Speaker Wink

Excused:

Bordeaux; Hawks; Schaefer; Verchio

So the bill having received an affirmative vote of a majority of the members-elect, the Speaker declared the bill passed and the title was agreed to.

HB 1035: FOR AN ACT ENTITLED, An Act to revise certain provisions regarding military specialty plates.

Was read the second time.

1 The question being "Shall HB 1035 pass?"

2 And the roll being called:

3 Yeas 66, Nays 0, Excused 4, Absent 0

4 Yeas:

5 Anderson; Bartling; Beal; Bolin; Brunner; Campbell; Conzet; Craig; Cronin; Deutsch; DiSanto;
6 Dryden; Duvall; Feickert; Gibson; Gosch; Greenfield (Lana); Haggard (Don); Harrison;
7 Haugaard; Hawley; Heinemann (Leslie); Hickey; Holmes; Hunhoff (Jean); Hunt; Jensen (Alex);
8 Johns; Kaiser; Killer; Kirschman; Klumb; Langer; Latterell; Marty; May; McCleerey;
9 Mickelson; Munsterman; Novstrup (Al); Otten (Herman); Partridge; Peterson (Kent); Qualm;
10 Rasmussen; Ring; Romkema; Rounds; Rozum; Russell; Schoenbeck; Schoenfish; Schrempp;
11 Sly; Soli; Solum; Stalzer; Stevens; Tulson; Werner; Westra; Wiik; Willadsen; Wollmann;
12 Zikmund; Speaker Wink

13 Excused:

14 Bordeaux; Hawks; Schaefer; Verchio

15 So the bill having received an affirmative vote of a majority of the members-elect, the
16 Speaker declared the bill passed and the title was agreed to.

17 HB 1036: FOR AN ACT ENTITLED, An Act to codify legislation enacted in 2014.

18 Was read the second time.

19 The question being "Shall HB 1036 pass?"

20 And the roll being called:

21 Yeas 66, Nays 0, Excused 4, Absent 0

22 Yeas:

23 Anderson; Bartling; Beal; Bolin; Brunner; Campbell; Conzet; Craig; Cronin; Deutsch; DiSanto;
24 Dryden; Duvall; Feickert; Gibson; Gosch; Greenfield (Lana); Haggard (Don); Harrison;
25 Haugaard; Hawley; Heinemann (Leslie); Hickey; Holmes; Hunhoff (Jean); Hunt; Jensen (Alex);
26 Johns; Kaiser; Killer; Kirschman; Klumb; Langer; Latterell; Marty; May; McCleerey;
27 Mickelson; Munsterman; Novstrup (Al); Otten (Herman); Partridge; Peterson (Kent); Qualm;
28 Rasmussen; Ring; Romkema; Rounds; Rozum; Russell; Schoenbeck; Schoenfish; Schrempp;
29 Sly; Soli; Solum; Stalzer; Stevens; Tulson; Werner; Westra; Wiik; Willadsen; Wollmann;
30 Zikmund; Speaker Wink

31 Excused:

32 Bordeaux; Hawks; Schaefer; Verchio

33 So the bill having received an affirmative vote of a majority of the members-elect, the
34 Speaker declared the bill passed and the title was agreed to.

1 HB 1024: FOR AN ACT ENTITLED, An Act to repeal certain outdated and unnecessary
2 statutes related to the Department of Labor and Regulation.

3 Was read the second time.

4 The question being "Shall HB 1024 pass?"

5 And the roll being called:

6 Yeas 66, Nays 0, Excused 4, Absent 0

7 Yeas:

8 Anderson; Bartling; Beal; Bolin; Brunner; Campbell; Conzet; Craig; Cronin; Deutsch; DiSanto;
9 Dryden; Duvall; Feickert; Gibson; Gosch; Greenfield (Lana); Haggard (Don); Harrison;
10 Haugaard; Hawley; Heinemann (Leslie); Hickey; Holmes; Hunhoff (Jean); Hunt; Jensen (Alex);
11 Johns; Kaiser; Killer; Kirschman; Klumb; Langer; Latterell; Marty; May; McCleerey;
12 Mickelson; Munsterman; Novstrup (Al); Otten (Herman); Partridge; Peterson (Kent); Qualm;
13 Rasmussen; Ring; Romkema; Rounds; Rozum; Russell; Schoenbeck; Schoenfish; Schrempp;
14 Sly; Soli; Solum; Stalzer; Stevens; Tulson; Werner; Westra; Wiik; Willadsen; Wollmann;
15 Zikmund; Speaker Wink

16 Excused:

17 Bordeaux; Hawks; Schaefer; Verchio

18 So the bill having received an affirmative vote of a majority of the members-elect, the
19 Speaker declared the bill passed and the title was agreed to.

20 SECOND READING OF HOUSE BILLS AND JOINT RESOLUTIONS

21 HB 1006: FOR AN ACT ENTITLED, An Act to allow bullheads to be used as bait.

22 Having had its second reading was up for consideration and final passage.

23 The question being "Shall HB 1006 pass?"

24 And the roll being called:

25 Yeas 67, Nays 0, Excused 3, Absent 0

1 Yeas:

2 Anderson; Bartling; Beal; Bolin; Brunner; Campbell; Conzet; Craig; Cronin; Deutsch; DiSanto;
3 Dryden; Duvall; Feickert; Gibson; Gosch; Greenfield (Lana); Hagggar (Don); Harrison;
4 Haugaard; Hawks; Hawley; Heinemann (Leslie); Hickey; Holmes; Hunhoff (Jean); Hunt;
5 Jensen (Alex); Johns; Kaiser; Killer; Kirschman; Klumb; Langer; Latterell; Marty; May;
6 McCleerey; Mickelson; Munsterman; Novstrup (Al); Otten (Herman); Partridge; Peterson
7 (Kent); Qualm; Rasmussen; Ring; Romkema; Rounds; Rozum; Russell; Schoenbeck;
8 Schoenfish; Schrempp; Sly; Soli; Solum; Stalzer; Stevens; Tulson; Werner; Westra; Wiik;
9 Willadsen; Wollmann; Zikmund; Speaker Wink

10 Excused:

11 Bordeaux; Schaefer; Verchio

12 So the bill having received an affirmative vote of a majority of the members-elect, the
13 Speaker declared the bill passed and the title was agreed to.

14 HB 1025: FOR AN ACT ENTITLED, An Act to revise certain provisions regarding banks
15 and banking.

16 Was read the second time.

17 The question being "Shall HB 1025 pass?"

18 And the roll being called:

19 Yeas 67, Nays 0, Excused 3, Absent 0

20 Yeas:

21 Anderson; Bartling; Beal; Bolin; Brunner; Campbell; Conzet; Craig; Cronin; Deutsch; DiSanto;
22 Dryden; Duvall; Feickert; Gibson; Gosch; Greenfield (Lana); Hagggar (Don); Harrison;
23 Haugaard; Hawks; Hawley; Heinemann (Leslie); Hickey; Holmes; Hunhoff (Jean); Hunt;
24 Jensen (Alex); Johns; Kaiser; Killer; Kirschman; Klumb; Langer; Latterell; Marty; May;
25 McCleerey; Mickelson; Munsterman; Novstrup (Al); Otten (Herman); Partridge; Peterson
26 (Kent); Qualm; Rasmussen; Ring; Romkema; Rounds; Rozum; Russell; Schoenbeck;
27 Schoenfish; Schrempp; Sly; Soli; Solum; Stalzer; Stevens; Tulson; Werner; Westra; Wiik;
28 Willadsen; Wollmann; Zikmund; Speaker Wink

29 Excused:

30 Bordeaux; Schaefer; Verchio

31 So the bill having received an affirmative vote of a majority of the members-elect, the
32 Speaker declared the bill passed and the title was agreed to.

1 HB 1026: FOR AN ACT ENTITLED, An Act to revise certain provisions related to the
2 Department of Labor and Regulation.

3 Was read the second time.

4 The question being "Shall HB 1026 pass?"

5 And the roll being called:

6 Yeas 67, Nays 0, Excused 3, Absent 0

7 Yeas:

8 Anderson; Bartling; Beal; Bolin; Brunner; Campbell; Conzet; Craig; Cronin; Deutsch; DiSanto;
9 Dryden; Duvall; Feickert; Gibson; Gosch; Greenfield (Lana); Hagggar (Don); Harrison;
10 Haugaard; Hawks; Hawley; Heinemann (Leslie); Hickey; Holmes; Hunhoff (Jean); Hunt;
11 Jensen (Alex); Johns; Kaiser; Killer; Kirschman; Klumb; Langer; Latterell; Marty; May;
12 McCleerey; Mickelson; Munsterman; Novstrup (Al); Otten (Herman); Partridge; Peterson
13 (Kent); Qualm; Rasmussen; Ring; Romkema; Rounds; Rozum; Russell; Schoenbeck;
14 Schoenfish; Schrempp; Sly; Soli; Solum; Stalzer; Stevens; Tulson; Werner; Westra; Wiik;
15 Willadsen; Wollmann; Zikmund; Speaker Wink

16 Excused:

17 Bordeaux; Schaefer; Verchio

18 So the bill having received an affirmative vote of a majority of the members-elect, the
19 Speaker declared the bill passed and the title was agreed to.

20 HB 1028: FOR AN ACT ENTITLED, An Act to revise certain provisions regarding
21 money transmitters and money transmissions.

22 Was read the second time.

23 The question being "Shall HB 1028 pass?"

24 And the roll being called:

25 Yeas 67, Nays 0, Excused 3, Absent 0

26 Yeas:

27 Anderson; Bartling; Beal; Bolin; Brunner; Campbell; Conzet; Craig; Cronin; Deutsch; DiSanto;
28 Dryden; Duvall; Feickert; Gibson; Gosch; Greenfield (Lana); Hagggar (Don); Harrison;
29 Haugaard; Hawks; Hawley; Heinemann (Leslie); Hickey; Holmes; Hunhoff (Jean); Hunt;
30 Jensen (Alex); Johns; Kaiser; Killer; Kirschman; Klumb; Langer; Latterell; Marty; May;
31 McCleerey; Mickelson; Munsterman; Novstrup (Al); Otten (Herman); Partridge; Peterson
32 (Kent); Qualm; Rasmussen; Ring; Romkema; Rounds; Rozum; Russell; Schoenbeck;
33 Schoenfish; Schrempp; Sly; Soli; Solum; Stalzer; Stevens; Tulson; Werner; Westra; Wiik;
34 Willadsen; Wollmann; Zikmund; Speaker Wink

So the bill having received an affirmative vote of a majority of the members-elect, the Speaker declared the bill passed and the title was agreed to.

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JOINT SESSION

Pursuant to the report of the Joint-Select Committee, as found on page 44 of the House Journal, the Senate and the House of Representatives met in informal joint session in the House Chamber for the purpose of having a memorial service for deceased former members and reading of the following Joint Memorial Resolution:

WHEREAS, the Great Ruler of the Universe has ordered a final adjournment in the lives of eight former members of the South Dakota Legislature, namely: the *Honorable Rodney Gutzler*; the *Honorable Robert A. Johnson*; the *Honorable James H. "Jack" Jones*; the *Honorable Charles J. "Chuck" Mickel*; the *Honorable Wallace G. "Wally" Myers*; the *Honorable Ralph Nachtigal*; the *Honorable Gregory A. "Greg" Peterson*; and the *Honorable Benjamin "Ben" Radcliffe*; and

WHEREAS, in the lives of all these eminent public servants there was noted a profound urgency in an unselfish manner, with trials and vicissitudes often far outweighing honors, but with a consciousness that here in a land of freedom the dignity of the individual is supreme, that justice must be dispensed, and that only by eternal vigilance and unrelenting effort can self-government of a people be preserved; and

WHEREAS, it is fitting that we humbly honor the memory of those who have thus contributed to the orderly process of government under the Constitution:

NOW, THEREFORE, BE IT RESOLVED, by the Senate and the House of Representatives of the Ninetieth Session of the Legislature of the State of South Dakota duly convened in recess session in recognition of the useful lives and unfailing devotion to the interests of the State of South Dakota, as well as the rectitude of thought and action and fidelity to the highest principles of American citizenship by these honorable people, that the Senate and the House of Representatives do now pause in their labors out of respect for the memory of their late fellow associates in the functions of government, and note that in their passing, the state they have served so well has suffered a distinct loss, and though their labors have ceased and they have been laid to rest, the people of this great state have benefited greatly from the services rendered by them and they have left upon the sands of time an inspiring record of devotion to their fellow citizens under the guiding hand of Almighty God; and

BE IT FURTHER RESOLVED, that this Resolution be printed in the journals of the Senate and the House of Representatives of the Ninetieth Session of the Legislature of the State of South Dakota, now assembled this 22nd day of January, 2015, at Pierre, South Dakota.

Pursuant to the Joint-Select Committee Report found on page 13 of the House Journal, the following is Governor Dennis Daugaard's State of the State Address:

STATE OF THE STATE 2015
JANUARY 13, 2015
PIERRE, SOUTH DAKOTA
GOVERNOR DENNIS DAUGAARD

Thank you very much. It's good to have you back. I'd like to welcome those of you who are new to the Legislature. Would those of you who are first time in the Legislature please stand and be recognized. Welcome!

I still remember my first time here 18 years ago when I was first elected to the Legislature. What a great honor that was, and I know I felt that same honor as lieutenant governor and now as governor again. I know we all feel a shared responsibility to do the best that we can.

It is my duty to open the session with some thoughts on the issues we face as a state.

I'd like to begin right away today by talking to you about South Dakota's roads and bridges. Our roads are, by far, our state's most valuable physical asset, worth over \$14 billion.

In a rural state like South Dakota, good quality roads are our lifeline. They are not just how we get to work, or school, or church. They offer more than a means to get corn and soybeans to market, or the means to get tourists to Mount Rushmore or Crazy Horse.

Our entire economy, indeed our very well-being, depends on road infrastructure. And right now, our roads are underfunded. From Highway 46 in Beresford to Highway 19 north of Humboldt, from Highway 73 south of Lemmon to I-90 near the Wyoming border, our roads need attention. These are just a handful of the many highways that require additional maintenance. And many of our local roads are in even worse condition.

In all corners of the state, we have road funding needs. State highways, municipal streets, county oil, township gravel, and hundreds of rural bridges are in need of additional maintenance. It's like a structural deficit. We are taking more out of our roads than we are putting back into them.

In South Dakota, you can see we have 82,000 miles of highways. Counties have the most total miles at around 35,000 miles. Townships have just over 31,000. The state highway system is just 9.5 percent of the total – that blue part of the chart at 7,800 miles. But let's look at where all the traffic is.

As you can see, the state highway system, while making up only 9.5 percent of the state's total miles, handles more than two-thirds of all the traffic, and that includes 80 percent of the heavy truck traffic. The counties and municipalities each carry about 14 percent followed by township roads.

Many of the roads we currently use were built with no anticipation of the size and weight of the vehicles that utilize them today. Many section line roads were designed to carry vehicles

1 weighing less than 10,000 pounds. Today, trucks weighing 10 times more cross those same
2 gravel thoroughfares.

3 As we consider road and bridge funding, we must first understand the need. Our goal is a
4 system of roads and bridges that meets the transportation needs of this state in the most
5 efficient manner possible.

6 Fortunately, we have the ability to calculate the cost of achieving that goal. On state
7 highways, we have a detailed system for collecting data, which is used to comprehensively
8 determine the most financially efficient means for maintaining our roads.

9 The Spider Van pictured here is named for the lasers and cameras mounted to the frame. It
10 is used by the South Dakota Department of Transportation as a road assessment tool. This
11 van drives up to 15,000 miles per year to collect detailed information on pavement
12 roughness, rutting, and faulting as well as the depth, width, and extent of cracks. This tool
13 provides objective measurements at each mile of the state highway system and allows the
14 Department of Transportation to make well-informed decisions on how and where to spend
15 its limited resources.

16 The Spider Van is currently undergoing maintenance work out of state, but I have asked the
17 Department of Transportation to bring it to the State Capitol later this session so that you
18 can see it for yourself. The important thing to know is that we use Spider Van data to
19 classify all state roadways as being in excellent, good, fair, or poor condition.

20 As you can see from this chart, those four ratings are important distinctions. They identify
21 the value of proper maintenance at the appropriate time. Stated simply, it's a lot cheaper to
22 keep a road up than to fix it up.

23 The cost to maintain an excellent road is about \$360 per mile, about 20 percent of the cost
24 of maintaining a good road. Likewise, maintaining a good road is about half the cost of one
25 in fair condition, which costs almost \$2,400 per mile. Poor roads are a little cheaper because
26 some work can be deferred until the road is replaced.

27 We can use the data we collect from the Spider Van, as well as information about the
28 different costs of maintaining different pavement surfaces to calculate the ideal distribution
29 of pavement conditions.

30 This chart shows the highest return-on-investment pavement distribution. In other words, it
31 shows the optimal, most cost-efficient pavement condition distribution for our state highway
32 system. Not surprisingly, if you consider the previous chart, it is most efficient for most
33 roads to be either excellent or good most of the time.

34 This distribution also reflects the expected life span of a newly constructed highway. In
35 other words, when a new highway is constructed, you might expect over its useful life, it
36 will be in excellent condition about 30 percent of that life, then in good condition for 50
37 percent of the time, fair for 15 percent, and poor for the last 5 percent of its life span.

1 This pavement distribution provides the best bang for our highway dollars. These targets are
2 integrated into a series of calculations that help determine the most cost-effective way to
3 undertake maintenance efforts on our state-owned highways.

4 Looking at the chart, one might ask, "Why is it the most financially efficient pavement
5 distribution include poor roads on 5 percent of state highway miles?"

6 Again, a small amount of pavement should always be in poor condition because it doesn't
7 make sense to spend unnecessarily to maintain a road that is very close to being
8 reconstructed. If we want balanced annual spending on road projects, it makes sense that we
9 would want to keep this ideal distribution constant from year to year.

10 Take note of this chart, 50 plus 30, about 80 percent of the roadway that we want in good or
11 excellent condition. I'll reference this cost-efficient pavement distribution again in a few
12 minutes.

13 These two charts demonstrate that South Dakota is pretty efficient in the way it utilizes its
14 highway funds. The top chart shows South Dakota's preliminary and construction
15 engineering costs. They are the second lowest in the nine-state region stretching from
16 Montana to Wisconsin, so you can see we are not wasting money on unusually high
17 engineering costs. We are being good about those. The bottom chart shows our roadway
18 maintenance costs are very low as well. Only North Dakota is better. Overall, South Dakota
19 does an excellent job of keeping highway construction and maintenance costs low.

20 Here is the point. There is not much room to gain new efficiencies within current spending.
21 If we can't spend our current dollars more efficiently, we need to look at whether our current
22 dollars are enough. Unfortunately, our current funding approach has not kept pace with
23 highway construction costs.

24 You can see that here. The legislature implemented the current \$.22 a gallon fuel tax in
25 1999. That was 16 years ago. I was in the state legislature, Bill Janklow was governor, and
26 we raised the tax to \$.22 in 1999. Gasoline was around \$1 per gallon, so the motor fuel tax
27 at the time represented 22 percent of the total price. That per-gallon fee of \$.22 was fixed in
28 statute and has been the same for the last 16 years. If the legislature had indexed the gas tax
29 for construction costs, the fuel tax would be \$.45 today – more than double. But of course, it
30 is still \$.22 per gallon.

31 The next chart shows that information in another way, and it really brings to the forefront
32 the challenge that local governments face.

33 In 2003, \$1M would buy 7.8 miles of asphalt overlay. It would buy 1.5 miles of rural
34 roadway reconstruction, and it would buy about 0.4 miles of urban concrete roadway
35 reconstruction. In 2013, just ten years later, that same \$1M could build only 4.5 miles of
36 asphalt overlay, only 0.8 of a mile of rural roadway reconstruction in asphalt, and only 0.2
37 of a mile in urban roadway reconstruction in concrete.

1 In short, in 2003, a county could build almost twice as many miles of roadway than they can
2 today with the same money. We have all seen wash-boarded gravel, crumbling county oil,
3 and under-maintained section-line roads. It's easy to see why.

4 Remember now the pie chart I showed you with the ideal distribution of pavement
5 conditions. We saw that the best distribution was to have 80 percent of your roadway in
6 good or excellent condition.

7 This slide shows the level of spending needed for just the state highway system, beginning
8 in FY 2017, to maintain the most financially efficient distribution of our road surfaces with
9 80 percent in good or excellent condition.

10 The green portion of each bar, by far the largest portion, is pavement maintenance and
11 improvements. The red bars represent bridge repairs and upgrades – the yellow bars
12 expansions – new overpasses, new intersections, and new upgrades. The blue bars required
13 safety upgrades, like shoulder widening. The dark line shows our current funding level is
14 not enough.

15 Beyond the state highway funding shortfall, we also know we are short for local bridges.
16 This chart shows all our bridges. The first column, of course, shows who owns them. Look
17 at the bottom row. We have 5,799 total bridges in our state. Anything that is over 20 feet in
18 length is a bridge, so it doesn't matter if it is concrete, culverts strung together, or it is what
19 we would consider a bridge. In parlance it is called a bridge if it is 20 feet long and any kind
20 of structure that spans water. As you can see, if you look at the structurally deficient
21 column, almost 1,200 of those nearly 5,800 bridges are structurally deficient. Another
22 roughly 200 are functionally obsolete. This doesn't mean they are in danger of failure. Each
23 bridge is inspected no less than every other year by the state. It doesn't matter if it is a
24 county bridge, or a state bridge, or even if it is on a township road, the state inspects every
25 bridge. But it means the bridges we have, many of which were built in the 1940s and 1950s,
26 are not able to accommodate the size and volume of traffic we have today. The vast majority
27 of those bridges, about 83 percent, are located on county roads. Of these, 1,045 bridges are
28 eligible for replacement at an average cost of \$230,000 each.

29 To replace all of these structures would cost, in total, \$240 million just to replace the
30 bridges. That's not talking about highway funding, just the bridges. Of course, we don't need
31 to replace all of them at once, but spreading out the work over several years is a viable
32 option. But we need a mechanism for local units of government to address these deficient
33 structures over time.

34 So, let's step back now and look at how do we fund our roads and bridges today.

35 Our funding sources controlled by state and local laws come from a few key areas. The state
36 gets revenues from our \$.22 fuel tax. We also get a 3 percent vehicle excise tax. When you
37 buy a car, it is like a 3 percent sales tax and from a variety of smaller miscellaneous sources.

38 On the county level, they also have three sources. The license plate fees, which we raised
39 just a few years ago, the wheel tax, and also local property taxes. The percentage each
40 contributes varies from county to county.

1 Of course, the federal government is also a significant source of transportation dollars.

2 Here is a history of federal highway funding. Some of this highway funding is allocated to
3 local governments, counties, and municipalities. You can see that federal earmarks, the red
4 bars, ended after 2009. We all see the spike created by the yellow bar in 2009. That was the
5 federal stimulus, which allowed us to address many of our short-term road funding needs
6 and to accelerate highway projects. That is why our highways are in better shape today. But
7 that one-time spike does nothing to address our needs long term, nor does it provide the
8 funding necessary to maintain pavements over time.

9 Look at the green bars. Formula funding peaked in 2010 and has since been declining. Most
10 experts believe, and I believe, that federal highway funding will remain flat, or may even
11 decline further into the future. One news source recently called the situation "the
12 slow-motion disappearance of the Highway Trust Fund." This is why more than 30 states
13 have now passed transportation funding measures in the last three years.

14 We cannot address South Dakota's highway funding needs by waiting for the federal
15 government to act. Our ongoing funding falls far short of the level needed. Remember, our
16 goal is to have 80 percent of our pavements in excellent or good condition at any given time.

17 Look at this chart. The blue bars are roads in excellent condition. Stacked above are green
18 bars, which represent roads in good condition. We want the top of the green bars to be above
19 the heavy black line, which is representing the 80 percent of roads in good or excellent
20 condition. If we do nothing, you can see we will fall below that goal in just a few years, and
21 within nine years, our pavement distribution will be only 47 percent good or excellent. In
22 fact, 25 percent of our road surfaces, the red bar, will be in poor condition – 25 percent. It
23 will be even more expensive then to keep up our roads, because roads, as you saw earlier in
24 fair or poor condition, are far more expensive to maintain. It will be like a snowball rolling
25 downhill, gaining size and speed as it goes. We cannot allow that to happen. Failing to
26 maintain our roads now would be penny-wise and pound-foolish.

27 That is why, this session I am introducing a road and bridge funding bill that I believe meets
28 the need at both state and local levels.

29 Let me pause and say I'm familiar with the interim Highway Needs and Financing
30 Committee's efforts this summer, and I appreciate their work. That committee and the LRC
31 did yeoman's work to collect information, inform the public about transportation funding,
32 engage and enlist input from many stakeholders, and to offer options for funding. I thank the
33 committee for its hard work. I've read their draft bill, and I've used some elements of it as I
34 crafted my proposal.

35 Here is our pavement condition over the next ten years and how it will be improved if my
36 proposal is adopted.

37 You can see that, even under this proposal, pavement condition will still diminish a little
38 over the next few years. Because of the stimulus, pavements today are a little better than we
39 need them to be. Once things level out, excellent and good road surfaces will be between
40 70 percent and 80 percent – much closer to the ideal 80 percent distribution.

1 Here is what I am proposing. An increase in the vehicle excise tax from 3 percent to
2 4 percent will raise \$26 million a year, while still taxing less than surrounding states.

3 I also propose that we increase the motor fuel tax by \$.02 cents this year and by an
4 additional \$.02 cents each year going forward. A major reason that road funding is
5 insufficient today is because the gas tax does not inflate over time. If we begin to make a
6 small adjustment each year, we can keep up with increasing construction costs and maintain
7 the most efficient pavement condition, without putting future legislatures in a bad position
8 in another ten or fifteen years.

9 For local entities, a 10 percent increase in vehicle registration fees will provide additional
10 road funds and also help establish a grant program to address local bridge needs. Part of this
11 increase, combined with new and existing state funds, will provide \$15 million a year in
12 local bridge funding. I am also proposing increasing registration fees for noncommercial
13 trucks to 70 percent of commercial rates this year, and then to 80 percent for future years.

14 The estimated revenue from these changes will generate \$39.8 million for the State
15 Highway Fund, a portion of which is allocated to local roads, and \$10.7 million for counties,
16 townships, and municipalities. All told, this proposal would provide \$50.5 million more for
17 our roads and bridges – \$50.5 million.

18 Further, counties and townships have long supported roads with revenue generated from
19 property taxes. This proposal would allow greater flexibility for counties and townships to
20 generate their own additional funds if proposals win support at the local level.

21 Finally, in addition to these statutory fixes, the state Department of Transportation will
22 provide a mechanism for local government entities to swap all of their federal highway
23 funds for state funds, about \$22 million each year. The state Department of Transportation
24 will also swap all existing accumulated federal funding, about \$55 million in total for state
25 funding. Now, why do that?

26 This state-federal funding swap will place, entirely on the state, the burden of meeting
27 increasingly arduous federal paperwork and regulations. This will give much greater
28 flexibility to counties to best meet their needs. The state has offered versions of this swap in
29 the past, and the expansion of this program will save counties money.

30 In summary, we have 82,000 miles of roadway in South Dakota, many of which are in
31 disrepair. Between local roads and state highways, we could easily spend another
32 \$150 million per year. As you've also seen, we have nearly 1,400 bridges that are
33 structurally deficient or functionally obsolete – 1,400 bridges. The replacement cost for
34 those structures is about \$240 million.

35 Federal funding is flat and even declining, and our congressional delegation, as early as this
36 past week, has told me that holding current levels is the best-case scenario. Our state fuel tax
37 has been flat for 16 years. Construction costs in that time have doubled.

38 Our state highway system is the state's most valuable physical asset, and if we want to
39 maintain it, we must act now. My proposal generates about \$50 million more this year, and

1 it will in the long-run permanently fix the current imbalance between road construction
2 needs and funding.

3 Last week, Linda and I welcomed the birth of our latest grandchild, Greta. It reminded me
4 of when our first grandchild, Henry, was born. I've told some of you this story. I asked
5 Henry's dad when he was born how he was going to differentiate between his dad and me.
6 Am I going to be "grandpa" and his dad will be "papa," or what? He said, "Well, we are
7 going to call my dad 'Grandpa Fat'." I said, "Well, oh, what will you call me, 'Grandpa
8 Thin'?" "No, we are going to call you 'Grandpa Cheap'." I suppose in some ways that is not
9 inaccurate, but I would really prefer "Grandpa Frugal."

10 You know me. No one wants to raise taxes less than I do. But as I've said before, there is a
11 difference between being cheap and being frugal. A cheap person refuses to spend money
12 even when it would be wise to do so. A frugal person is careful with money, but understands
13 that sometimes spending in the short run is smart and saves money in the long run.

14 That is today's situation. That is what we confront today. Maintaining our roads and bridges
15 is one of the most fundamental functions of government, and it is vital for this year and for
16 decades to come. I don't want to leave this problem to future governors, future legislators,
17 and future generations.

18 President Ronald Reagan said when he proposed a gas tax increase in 1982 – he said this:
19 "America can't afford throwaway roads or disposable transit systems. The bridges and
20 highways we fail to repair today will have to be rebuilt tomorrow at many times the cost."
21 President Reagan was exactly right. Let's fix this problem, for good, this year.

22 Of course, while South Dakota's highways are a vital component of our transportation
23 infrastructure, our state needs to maintain an efficient rail system as well. Our roads remain
24 in good condition longer when we use rail. We all know that trucks can take a toll on our
25 roads. Let's put that into perspective. One truck with a legal load causes the same wear on
26 our highways as 9,600 cars. That's one legally loaded truck. One unit train replaces
27 450 trucks, so rail saves our highways.

28 Our farmers depend on rail to ship grain using privately owned rail and those owned by the
29 state as well. Last year, South Dakota faced a potential grain storage crisis. The causes were
30 many – unusual snow in switchyards increased demand for oil by rail, and temporary
31 inefficiencies caused by the sale of the Canadian Pacific line in South Dakota. These
32 problems all limited capacity when we needed greater capacity to handle record harvests in
33 2013 and still another new record harvest just last fall.

34 Over the past year, I have focused on improving rail transportation in South Dakota. We
35 engaged with the Canadian Pacific as they proposed the sale of their South Dakota line.
36 Members of my administration and I also traveled to Washington, DC to meet with the
37 Secretary of Agriculture, the Secretary of Transportation, and the Surface Transportation
38 Board to draw attention to our rail challenges. Thanks in part to our efforts, but especially
39 with the help of Senator John Thune, our rail carriers have responded and our rail shipping
40 volumes are showing improvements.

We are also acting to improve our rail infrastructure for the long term. We completed a new state rail plan just at the end of the year. It's posted online if you want to read it. Last month, I announced \$56 million in public and private investments in four projects in our state. In response, two grain handling facilities worth \$40 million each have been announced, one in Kennebec and one in Britton. The state is offering still another \$4 million in matching grants to encourage additional private investment in rail. Our modest investments are leveraging millions of dollars in private capital toward building a railroad system that will serve our shippers well for decades to come.

Of course, transportation infrastructure is one wise use of state dollars. Another wise use is to increase spending by relatively small amounts to enable greater savings long term.

Two years ago, we announced sweeping changes to our state's criminal justice system. Leaders from all branches of the government joined key stakeholders to analyze an enormous amount of data and find ways to improve our criminal justice system. That process yielded some big surprises. I knew we had a high imprisonment rate, for example, but I believed that higher imprisonment possibly contributed to greater public safety.

Instead, our study showed that: Prison admissions in South Dakota were 81 percent nonviolent offenders. You have heard me say it before, "We weren't afraid of them. We were just mad at them – 81 percent of them."

Four in 10 inmates were returning to prison within three years of their release; and despite our continued growth in corrections spending, crime rates were falling in South Dakota more slowly than the national average.

In response, the Legislature passed the Public Safety Improvement Act, a landmark bill aimed at improving public safety, holding offenders accountable, while reducing long-term costs. Now that we are a couple of years down the road it is worth asking, "How is it going?"

Just two months ago, the Oversight Council tracking our progress released its annual report. Here are four highlights from that report:

First, the prison population has remained nearly flat instead of growing and is slightly below projections that we hope to attain with the reformation. Now, it's early, and this should not be overstated. Still, as we'd hoped, this has helped our state avoid constructing a new \$36 million women's facility we had projected might be needed this year.

Second, most offenders leave prison on parole. Last year 60 percent successfully completed their terms of supervision, up from 45 percent in FY 2013. Thus, more former inmates are moving toward becoming taxpayers, rather than tax burdens.

Third, offenders are sometimes put on probation rather than being sent to prison. Last year 550 of those probationers earned early termination of probation by complying with the rules. These success stories help reduce probation caseloads and allow probation officers to focus more attention on higher risk probationers.

1 The fourth highlight from the report I want to mention is more specialty courts are up and
2 running, and I know the Chief Justice has been a great champion of specialty courts. I'm
3 sure he will talk about that in the State of the Judiciary tomorrow. We've launched HOPE
4 Courts in Walworth and Brown counties, and we now have more offenders than ever
5 participating in drug courts, DUI courts, and evidence-based programs in the community.

6 These are all indications that South Dakota is on the path toward improved public safety at a
7 lower cost. That's good for the taxpayers, its good public policy, and it's the right direction
8 for this state. I appreciate the leadership of Chief Justice Gilbertson, the work of the court
9 system, the Department of Corrections, of Social Services, local law enforcement, and
10 private providers for their part in this early success.

11 When we began our review of the criminal justice system in 2013, many people believed the
12 work would be incomplete unless we also looked at the state's juvenile justice system. Over
13 the past year, we have brought together key stakeholders to carefully study relevant data and
14 best practices, to consult with stakeholders, and to recommend policy solutions. This year, I
15 hope you will support my proposals to improve our juvenile justice system.

16 But first, a bit of context. In South Dakota, juvenile commitments to the Department of
17 Corrections have been declining. However, the drop has been much smaller than what other
18 states, including our neighbors, have experienced. In fact, the most recent national figures
19 show South Dakota with the second highest juvenile incarceration rate in the nation. And let
20 me be clear, the high rate is not connected to a commensurately high rate of violent juvenile
21 crime. In fact, South Dakota's juvenile violent crime arrest rate is one-third the national
22 average. So, we have a violent crime rate with juveniles being one-third of the national
23 average, and yet in the national average, we are the second highest state in the nation for
24 locking up or putting juveniles in the hands of the Department of Corrections. Our juvenile
25 incarceration rate should encourage us to act.

26 Another encouragement is cost. For most juveniles, commitment to the Department of
27 Corrections means some kind of out-of-home placement, not for all of them but for most of
28 them – some kind of out-of-home placement. That's an expensive thing. Costs range from
29 \$41,000 to \$144,000 per year, depending upon the program. At the same time, research tells
30 us that supervising and treating youth in their communities, instead, is less expensive and
31 more effective for many young people.

32 So this leads to a couple of obvious questions. Are there youth sent to the Department of
33 Corrections who could be better served in their communities? Can we save money and hold
34 youth accountable while keeping more of them in their own homes?

35 These and other questions motivated me to join with the Chief Justice and legislative
36 leaders to form the Juvenile Justice Reinvestment Initiative last May. Three principal goals
37 guided their work and they are very similar to the goals that the adult corrections work
38 group had. One, improve public safety by improving outcomes in juvenile cases, two,
39 effectively hold juvenile offenders more accountable, and three, reduce costs by investing in
40 proven community-based practices while saving residential facilities for more serious
41 offenders.

1 The three-branch, bipartisan work group met in Pierre seven times between June and
2 November, with many lengthy conference calls in between. Over the summer, members of
3 this group investigated who was being sent to the Department of Corrections and how long
4 they stayed.

5 Here is what they found: In 2013, seven of every ten youth committed to the Department of
6 Corrections were for misdemeanor offenses, probation violations, and status offenses like
7 underage drinking or truancy.

8 Besides status offenses, the crimes that most commonly led to commitment were
9 misdemeanor marijuana possession, misdemeanor simple assault, misdemeanor ingestion of
10 an illegal substance, and misdemeanor petty theft. In fact, there was only one felony offense
11 among the top 10 committing offenses – burglary in the 3rd degree.

12 While fewer youth have been committed over the past few years, remember I said the
13 commitment rate is coming down even though we are still second highest in the nation,
14 those committed are staying longer. In 2007, juveniles averaged 12 months in out-of-home
15 placement. By 2014, that had risen to 15.3 months. That was the average stay.

16 Similar trends were seen in the probation data. A judge might not commit a juvenile to the
17 DOC. The judge might say, "We are going to put you on probation." Well, admissions to
18 probation have been falling; with more probationers being low risk, lower level, but average
19 time on probation is longer.

20 While the work group was churning through mountains of juvenile justice data, staff from
21 my office made progress on a parallel course traveling across the state to meet with more
22 than 200 stakeholders. The message they heard was overwhelmingly clear – we can do a
23 better job for youth who veer off track in South Dakota.

24 A few major themes stood out:

25 One – we need to increase our use of diversion programs to prevent troubled youth from
26 going deeper into the juvenile justice system.

27
28 Two – we need more evidence-based programing in our communities so that judges have
29 options other than commitment to the Department of Corrections, and so that youth can
30 remain in their homes.

31 Three – we need better support services for youth and their families so that they can
32 confront the challenges that often lead to a child's entanglement with the juvenile system.

33 Now with that feedback in mind, and with the data analysis in hand, the work group made
34 12 recommendations for reform. I am just going to talk about three of them today.

35 One calls for the development of an array of effective interventions for youth in our juvenile
36 system across our state, including in our rural areas. These interventions would include
37 programs to address substance abuse, alcohol use, drug use, antisocial thinking and
38 behavior, and challenges within the family. We need programs. The availability of such

1 options will help judges as they perform the difficult task of weighing how best to set youth
2 on a better path. It will also provide court services officers on probation situations, juvenile
3 corrections agents in parole situations or after treatment situations, and give them more tools
4 to manage youth in the communities under their supervision. More importantly, these
5 proven community-based solutions can strengthen families and help keep our communities
6 safer.

7 A second recommendation focuses on which juveniles are placed in the custody of the
8 Department of Corrections. As I mentioned, most juveniles now committed were there
9 because of misdemeanor offenses, probation violations, and minor status offenses. The work
10 group recommended that only those youth who have committed the most serious offenses
11 and pose a risk to the public be committed to the Department of Corrections.

12 The third item I'll highlight recommends increased use of court diversion for youth
13 committing lower level offenses like Teen Court or other kinds of diversion. A fiscal
14 incentive could encourage counties to provide diversion opportunities. Many of them have
15 diversion programs, but they are not utilizing them. Let's incent them with money to do that
16 because we pay a little bit of money there and save a lot of money elsewhere. Diversion has
17 been shown to be more effective than formal court interventions for most youth.

18 Taken together, the work group recommendations are projected to reduce the Department of
19 Corrections population in residential treatment by more than 50 percent within five years.
20 This would save millions of dollars within that system – 50 percent within five years.

21 I'm not the only South Dakotan who has taken this issue to heart. Many others support
22 taking action. In fact, the proposal I am offering is supported by the Juvenile Justice
23 Reinvestment Initiative work group, of course, and has been endorsed by the Chief Justice
24 David Gilbertson, the Attorney General Marty Jackley, the association of states' attorneys,
25 the association of sheriffs, the association of county commissioners, the South Dakota
26 Association of Youth Care Providers – these are all formal board endorsements of this
27 proposal – the Network Against Family Violence and Sexual Assault, South Dakota Voices
28 for Children, the association of criminal defense lawyers, and the South Dakota Chamber of
29 Commerce and Industry.

30 As you can see, there are many people who have worked very hard to craft and evaluate
31 these proposals. I want to mention two in particular that are in the gallery today. Pennington
32 County Sheriff Kevin Thom was instrumental in developing the Public Safety Improvement
33 Act two years ago, and has become a nationally recognized expert in justice reinvestment
34 initiatives. He also chairs our stakeholder advisory group. Hughes County Sheriff Mike
35 Leidholt served on the juvenile justice work group this year, and as the immediate past
36 president of the National Sheriffs Association, he has made important contributions. Please
37 help me thank them both for their efforts. It is so helpful when people on the front lines who
38 have a special insight to some of these proposals support them, and I thank you both.

1 As seen in the past, we can do great things when we work together. I want to make sure
2 government and our taxpayer dollars are producing the best possible outcomes for the young
3 people of our state, and I know you do, too.

4 We have a choice to make. We can continue to place juveniles in expensive residential
5 settings that are less effective in addressing delinquency, or we can invest short term in
6 more effective treatment, while keeping our youth close to home and driving down that
7 residential population that I talked about earlier. Please join me in making the right choice,
8 one that improves our juvenile justice system and strengthens our families and communities.

9 Another important area of continued focus is workforce.

10 For most of the past year, South Dakota has had the second lowest unemployment rate in
11 the nation. We can be proud of that, but it's a double-edged sword. Many business owners
12 struggle to find qualified workers, and this shortage makes it difficult for businesses to
13 expand.

14 Three years ago, I used my State of the State address to talk to you about workforce. I
15 announced twenty areas in which we were making efforts to address this challenge. But as
16 I've said many times, this is a marathon, not a sprint. Our work in this area requires a
17 persistent focus and a willingness to continue to try new approaches. Last month, I
18 announced one of those approaches – an exciting partnership between the state and Denny
19 Sanford toward addressing this need.

20 The Build Dakota scholarship program will be funded by a \$25 million donation from
21 Denny Sanford, which will be matched over five years by state Future Funds. This program
22 will offer full scholarships to students entering high-need workforce programs at in-state
23 technical institutes in exchange for a commitment to work in South Dakota for three years.
24 We expect to provide approximately 300 full scholarships annually in the next five years
25 beginning this fall. From 2020 on, an endowment will continue to award approximately
26 50 scholarships per year.

27 I first met Denny Sanford years ago because of his generosity to Children's Home Society,
28 and since that time, he has made transformational gifts in healthcare, research, and
29 education. This is yet another transformational gift that will benefit South Dakota and our
30 young people.

31 The establishment of this scholarship will mean that each year hundreds of our young
32 people, and young people from other states, will have the opportunity to enter high-demand
33 fields without incurring debt, and that more of them will choose to stay in South Dakota
34 after graduation. The impact of this will be huge, not only for these students, but also for
35 employers and our state.

36 We are continuing other efforts to address our workforce needs. Last spring, I worked with
37 local leaders to convene six different workforce summits around the state to inform local
38 leaders about state efforts that we are undertaking, learned from them about their needs, and

1 discussed ideas for cooperation. We analyzed the information from these summits and
2 returned to all six cities where we had the summits to report our findings.

3 Following the summits, I made a financial commitment of \$1 million in matching funds to
4 help communities address workforce shortages in their own way. Last week, I announced
5 14 grants to match these local commitments with ideas ranging from providing affordable
6 housing to workers to providing access to career and tech Ed in rural areas.

7 Toward developing workforce, our career and technical education programs are also
8 important. High school classes in welding, machining, healthcare, construction trades,
9 engineering, biosciences, and more give high school students hands-on experiences and
10 opportunities to explore potential careers, while earning high school credit and sometimes
11 college and technical credit as well.

12 Over the past two years, we've worked to increase interest in those CTE programs. We've
13 organized and promoted career camps in engineering, information technology, healthcare,
14 and skilled trades to expose students to these high-need career fields. But we're looking to
15 do more.

16 While many of our high schools offer good CTE programs, these expensive programs can
17 be difficult to offer and maintain, especially for our rural schools. Last year, I announced
18 \$8 million in Future Fund grants for CTE at our K-12 schools.

19 These grants have helped schools like the Meade County School District expand their
20 manufacturing program and collaborate with Western Dakota Tech to offer a dual credit
21 machining course. Because of success in the first semester, Western Dakota Tech will offer
22 an Engine Construction and Operations dual enrollment course for these high school
23 students. A local business has agreed to offer them internships.

24 In Burke, grant money was used to purchase four mobile CTE classrooms used by students
25 from four school districts in that area for CTE classes in architecture and construction,
26 engineering, biomedical science, and welding. Without collaboration among those four
27 districts, sections would have been too small to warrant a teacher for each of these courses.

28 The Mitchell school district is renovating and expanding their regional career center which
29 will provide students from Hanson, Mount Vernon, Ethan, Sanborn Central, and the
30 Mitchell district more opportunities to take CTE classes like welding, blueprint reading, or
31 to get certified OSHA training. Aberdeen is building a similar center.

32 In Yankton, 8 students completed a Certified Nurse Assistant Camp, 22 students completed
33 a manufacturing academy and 14 students completed an automotive academy. Thirteen of
34 those students were from Wagner, Bon Homme, Irene-Wakonda, and Menno districts.

35 Even as we strengthen our offerings in high school, we know that, more than ever, it's
36 important to encourage our young people beyond high school. Last year, I proposed and you
37 approved a new low-cost dual credit program to allow high school juniors and seniors to

1 earn university or tech school credit for courses that also count toward high school
2 graduation for only \$40 a credit hour.

3 I'm very pleased that this dual credit program has been enthusiastically accepted by our
4 schools and students. We talked about it at the budget address. The enrollment has been well
5 beyond expectations. In the fall semester of the 2014 school year, students from more than
6 100 public school districts, 1 tribal school, 8 private schools, along with a few
7 homeschoolers enrolled in dual credit courses. Over 1,000 high school students, these are
8 junior and seniors only, enrolled in classes from College Algebra, to Composition, to Diesel
9 Engines. And they are doing well. These high school students enrolled in college and tech
10 school courses have a pass rate greater than 90 percent.

11 As I've said before, dual credit is a win-win-win-win. High school graduates who start
12 college or tech school with some credits already under their belts are more likely to
13 complete on time, and at less cost. Universities and technical schools get the opportunity to
14 make themselves known to prospective students, and to help prepare those students for
15 success when they graduate. High schools gain flexibility to offer more opportunities to
16 those students at no cost to the district. And, the state gets more young people who are ready
17 to succeed, and live, and work here in South Dakota.

18 Another key focus in workforce is health care workforce. And we are making real progress
19 there as well. Over the past few years we've expanded rural health worker incentive
20 programs and increased the capacity of our health care educational programs. This fall, the
21 expanded medical school class begins. The expansion will be fully implemented by 2018,
22 training 60 more medical students in our state than before.

23 We've also funded a program that provides students in medicine, pharmacy, physician
24 assistant, and nurse practitioner programs with four-week experiences in a rural setting to
25 give them a taste of rural practice. This year, I'm proposing to expand that program to allow
26 up to 30 students to participate in up to 15 rural sites. I'm also proposing we expand
27 eligibility to include clinical psychology, masters of social work, and medical laboratory
28 science students.

29 We won't see the impact of these programs and others like them overnight. These are
30 long-term solutions that require ongoing commitment. The healthcare providers in South
31 Dakota and I are committed to addressing these issues.

32 As a final workforce focus, I'm particularly proud that we are making strides in our efforts
33 to offer employment opportunities to persons with disabilities. State agencies are partnering
34 with rehabilitation services and school districts to provide worksites for Project Skills
35 program, which provides paid work opportunities for students with disabilities. Students get
36 valuable work experience, and businesses get solid workers. We have also eliminated a
37 financial disincentive in one of our Medicaid programs for those with disabilities who want
38 to work. These earlier efforts are achieving good results as more people with disabilities
39 enter the workforce. For example, 99 percent of South Dakotans with visual impairments
40 who sought state help in finding competitive employment, not workshop employment, but

1 competitive employment, were successful. That compares to a national rate of just
2 89 percent.

3 All of these workforce efforts are important, because, thanks to South Dakota's
4 business-friendly climate, we continue to enjoy a strong economy that is adding jobs:

5 Consumers Supply announced the construction of a new, state-of-the-art facility in North
6 Sioux City. The plant will produce bagged, pelleted, or texturized feeds, and vitamin
7 premixes.

8 3M announced a \$57.6 million expansion in Brookings including a 44,000 square-foot
9 addition and 60 new jobs at the medical products facility. Also in Brookings, Bel Brands cut
10 the ribbon on a \$144 million, 170,000 square-foot state-of-the-art facility. The largest
11 industrial capital expenditure in Bel Group's history.

12 Ag Growth International announced a new 120,000 square-foot Hi Roller production facility
13 in Sioux Falls.

14 The Norwegian company, Sapa Extrusions, recently announced the expansion of its
15 operations in Yankton, and the company will be adding 50 jobs there.

16 Landsport of Sturgis, which supplies aluminum loading ramps for the trucking industry,
17 announced they would nearly double their manufacturing footprint.

18 Award winning technology company Sterling Computers announced their company is
19 relocating its corporate headquarters from Nebraska to Dakota Dunes.

20 The state has also continued efforts to promote development in the agriculture sector. Using
21 local control as the starting point, our County Site Analysis Program helps counties use data
22 to proactively identify sites suitable for agriculture-related development. The program was
23 first developed and implemented by the South Dakota Department of Agriculture in
24 partnership with the First District Association of Local Governments and Development
25 District III.

26 The County Site Analysis Program looks at local zoning ordinances, defined by the county,
27 locations of roads, utilities, and other infrastructure, and combines this with local permitting
28 requirements. This information is used to rate property locations on their suitability for
29 manufacturing, or commodity processing, or livestock-related enterprises. County
30 commissions, planning and zoning boards, and landowners then use this data to make
31 well-informed decisions.

32 Investments in agriculture are vital to the long-term sustainability of rural communities, but
33 development must be done responsibly. Not every new project is a good fit in every
34 location, so the program helps county commissioners and landowners determine where
35 projects fit best.

1 Since its launch a year ago, 48 counties, more than we expected, have requested a site
2 analysis, and we have completed the analysis in 15 of them. In those counties, local leaders
3 use the data in their comprehensive planning efforts; landowners have concrete information
4 outlining options for their land; and agribusinesses learn where their investments will be
5 welcome.

6 I am proud of this program, and I am pleased that the National Association of Development
7 Organizations recently awarded this program an "Innovation Award" for its novel approach
8 to rural economic development. I am also very proud that, just last month, a Colorado State
9 University study named South Dakota the #1 agribusiness-friendly state in the nation.

10 Of course, South Dakota values the outdoors for more than agriculture alone. We emphasize
11 responsible conservation because we love our hunting, our fishing, and our outdoor
12 recreation.

13 Two years ago, the Legislature approved the creation of Good Earth State Park in southeast
14 South Dakota. The park has already welcomed new visitors from South Dakota, Iowa, and
15 elsewhere, and work is being done to design and build a new visitor center.

16 On the other side of the state, bids on the construction of a new Custer State Park Visitor
17 Center will go out this month. Located east of the Game Lodge at the intersection of
18 Highway 16A and the Wildlife Loop Road, this new facility will be situated perfectly to
19 draw visitors. This \$5 million facility would not be possible without the generosity of the
20 Leona Helmsley Foundation and the James and Eloise Elmen Foundation, which, together
21 provided \$3 million toward the cost.

22 We are also taking steps to protect our pheasant hunting heritage. In 2013, we were
23 confronted with a worrisome drop in pheasant numbers. Of course last year, the numbers
24 bounced back with a 76 percent increase. Even so, the decline in grassland and CRP acres
25 over the last decade poses a significant challenge to maintaining our strong pheasant hunting
26 tradition. That's why I hosted the Pheasant Habitat Summit in December of 2013 and
27 appointed a work group to evaluate the hundreds of comments, suggestions, and letters that
28 resulted from it.

29 The work group produced a final report that included a series of practical recommendations,
30 and I have already taken steps to implement some of them. One of the primary
31 recommendations was the establishment of the South Dakota Conservation Fund, dedicated
32 to providing financial resources directly to conservation efforts, including pheasant habitat.
33 Tim Kessler, who was a member of the work group, donated \$100,000 personally to launch
34 the fund, and since then others have been stepping forward to contribute. In my budget, I
35 proposed a one-time, \$1.5 million appropriation to stimulate matching contributions from
36 the private sector to help improve habitat in South Dakota.

37 Every year at this time, I also report to you on our "Better Government" initiatives to make
38 the government more efficient, more open, and more accessible. I'd like to briefly do that
39 today as well.

1 Two years ago, the rules promulgation process for state agencies was public, but if it was
2 online at all, it was difficult to find. So the state launched a single-portal website to help
3 citizens find, follow, and engage with the rulemaking process. Just last week, we extended
4 that concept to another area – Executive Branch boards and commissions.

5 This new portal – boardsandcommissions.sd.gov – is a one-stop site listing board members,
6 meeting notices, agendas, and board packets. Much of this was online before, but it was
7 spread among dozens of different websites and difficult to find. The new portal will make it
8 easier for the public to engage with over 100 boards and commissions.

9 My administration has also worked on "red tape repealer" efforts. Over the past four years,
10 we have proposed and you have passed the elimination of 3,700 sections of obsolete and
11 unnecessary laws and rules, accounting for 411,000 words. I know from my time as a
12 legislator that much time is often spent adding words to the statute books. I thank you for
13 helping remove some words as well.

14 This year, 11 departments and my office will be introducing 16 more bills to eliminate an
15 additional 305 sections, over 26,000 words, from our laws and rules.

16 I'd also like to update you on our continued efforts to reduce infant mortality. When I was
17 first elected, I was dismayed to learn how many infants were not reaching their first
18 birthday, and that South Dakota's infant mortality rate was higher than the surrounding
19 states.

20 I asked my wife, Linda, who is here, to lead a task force on this important issue. Our first
21 lady worked with doctors, nurses, tribal health officials, nurse midwives, social workers, and
22 the Department of Health officials to understand the causes of the problem.

23 Private donors have partnered with the Department of Health since then to provide Safe
24 Sleep Kits to low-income families without a safe sleep option. The kit includes a portable
25 crib, crib sheet, sleep sack, informational DVD, children's book, and pacifier. So far,
26 4,630 parents and other caregivers have received these cribs. I know what they are like. We
27 went out and bought one for use with our grandkids when they are at our house.

28 A media campaign, "For Baby's Sake", is focused on safe sleep, early signs of pregnancy,
29 the importance of prenatal care, and the importance of immunizations for babies. The
30 Facebook page has reached nearly half a million unique visitors. The website receives, on
31 average, nearly 3,000 page views each month, and 79 percent of those visits are new,
32 meaning it's not the same handful of folks revisiting the site.

33 Significant progress has been made. We don't have 2014 numbers yet, but Linda was just
34 telling me today reporting now is being made monthly, so we will soon have 2014 numbers.
35 South Dakota's 2013 infant mortality rate was 6.5 deaths per 1,000, which is a decrease from
36 2012's rate. That's 6.5 down from 8.6, so a pretty significant drop. I am happy we're seeing
37 improvements. I know there's still more work to do. There's no fixing this problem

overnight. I am grateful Linda will continue to lead our state's efforts to reduce infant mortality in the next four years.

Since September 11, 2001, each of South Dakota's 22 National Guard communities has experienced a unit mobilization in support of Operations Enduring Freedom, Iraqi Freedom, New Dawn, and Noble Eagle.

To date, the South Dakota National Guard has deployed more than 7,200 Soldiers and Airmen in support of the Global War on Terror. Today, as I speak to you for the first time in more than a decade, no Soldiers or Airmen are currently deployed overseas from South Dakota – no National Guard Soldiers or Airmen.

Of course, the National Guard also serves an important role here at home, and the Guard stepped up again in 2014. In June, 114 guardsmen provided sandbagging and levee construction support, along the Big Sioux River in Union County. Just days later, 268 soldiers with vehicles and equipment were activated to support tornado recovery operations in Wessington Springs.

It's not surprising that the South Dakota National Guard continues to be recognized for excellence. We have a great Air Guard. The 114th Fighter Wing earned Air Combat Command's first overall "highly effective" grade during a Unit Effectiveness Inspection, and our 114th Fighter Wing was presented the highly-coveted Spaatz Trophy, which is presented annually to the most outstanding flying unit in the nation – our South Dakota Air National Guard.

Twelve Army National Guard units received the National Guard Bureau's Superior Unit Award, which is presented only to units that meet very high standards in drill attendance, physical fitness, weapons qualifications, and maintenance.

The Forward Support Company, the 153rd Engineer Battalion, won the army award for maintenance excellence and for distinction in maintenance operations in the small maintenance category, and the 153rd Engineer Battalion for achieving the highest standards for training and readiness was awarded the Major General Milton A. Reckord Trophy as the most outstanding Army National Guard battalion in the nation. It's been a pretty good year for our South Dakota National Guard.

I described these awards, of course, because it is important we honor those who serve in uniform and recognize the sacrifices they make for our nation and for our state. We must also remember the sacrifices of those who have worn the uniform in the past, our veterans.

Last year at this time, the South Dakota Department of Veterans Affairs kicked off "Operation Reaching All Veterans". This is the first kind of operation of this type in the nation. The Department set a goal to reach out to South Dakota's veterans with a multi-pronged approach, not wait for veterans to contact us. We reached out and contacted them using an outreach booth here at the Capitol during the session, open houses in all 66 counties, and an aggressive phone campaign.

1 This campaign was a first for the South Dakota Department of Veterans Affairs and a first
2 in the nation. The Department started with a list of over 62,000 veterans. Not all veterans are
3 registered with the state. We may not know of their existence at even the county level.
4 Media messages in print and electronic formats were distributed, and 153 open houses were
5 held throughout the state.

6 Starting last April, our staff and veterans service officers around the state were each given a
7 list of 100 veterans to contact every month. This effort allowed staff to educate veterans and
8 their families about benefits, programs, and services. More importantly it allowed us to
9 listen to concerns and provide key contacts to assist on a local level. Best of all, it gave us a
10 chance to say "thank you."

11 One county veterans service officer, Tom Sparrow of Turner County, contacted over
12 11,000 veterans personally. Tom is here today. Please help me thank Tom.

13 Next year, our veterans will have a new home. Thank you again for joining with me to
14 provide funding for the new state veterans home, and thank you for your ongoing support of
15 this project. Construction is on time and under budget. Our goal is to open the doors to this
16 new home in January of next year.

17 We are able to be here today because of the service of these brave men and women, and we
18 honor their sacrifices by doing what we can to make South Dakota even stronger.

19 Many of you know that I have focused on our state's bond ratings. Recently, Standard and
20 Poor's upgraded South Dakota's outlook from "neutral" to "positive." In doing this, they
21 recognized our state for "prudent fiscal management and structural budgetary balance."
22 That's their words. They also noted our state's strong economic growth and pro-business tax
23 climate.

24 That rating is important because it can save our state money in interest payments. I also
25 value it, though, because through outside scrutiny we can identify ways that we can
26 improve.

27 I am very proud of the many steps we have taken to be good stewards of this state. Four
28 years ago, we joined together to eliminate our structural deficit. It took tough choices, but
29 we are stronger today because we balanced the budget.

30 Likewise, we joined together two years ago to reform our criminal justice system. It took
31 courage to rely on evidence and data rather than instinct, anecdotes, and conventional
32 wisdom. But we are already saving money because of those decisions.

33 We have joined together to use one-time dollars to pay off debts and strengthen our
34 financial position. We have joined together to become one of the few states in the nation
35 with a fully-funded pension. We have joined together to maintain public buildings and to
36 preserve our outdoors. We have joined together to create jobs through the Building South
37 Dakota bill, and to enact programs to train the workers who will fill those jobs.

1 And, when our neighbors face disaster - when they face one of the worst days of their
2 lives – we have stood with them – we've joined together to stand with them – whether a
3 tornado in Wessington Springs, a blizzard in cattle country, or a massive river flood.

4 This year, this session, we confront the challenge of transportation funding and the
5 opportunity for reform in our juvenile justice system. Once again, we can join together to
6 strengthen our state and ensure that our best days are yet to come.

7 Let's go to work. Thank you.